

Testimony
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SB-422 - An Act Concerning Residential Water Rates, Public Drinking Water Supply Emergencies and Sellers of Bottled Water

The Connecticut Water Works Association (CWWA), a trade association of municipal, regional and private water companies, opposes SB-422, which 1) mandates priorities for the imposition of water use restrictions in ways that will disrupt business operations; and 2) interferes with the company's ability to utilize rate structures to meet the needs of its community.

Section 1 – Implementation of Water Use Restrictions

SB-411, Section 1 requires public water suppliers to prioritize the sale of water to residential consumers over the sale of water to businesses. Many businesses rely on public water supplies to meet customer and operational needs, including businesses that serve vulnerable populations, such as nursing homes and senior housing, or who provide critical public health and safety services, such as hospitals, surgical centers, and hospices. Recognizing this, it is widely understood that public water supplies must be made available to these facilities, including commercial enterprises, during droughts and other public water supply emergencies.

In addition, subjecting businesses, such as farms, manufacturers, grocery stores, pharmacies and hotels, to water use restrictions could severely hamper business operations, undermining public health and safety as well as employment and economic development activities. However, residential customers can significantly reduce water usage by limiting activities such as lawn watering and car washing which don't result in economic or other hardships.

Section 2 – Rate Structures

It is our understanding that SB-422, Section 2 is intended to prohibit public water suppliers from charging lower water rates for a business engaged in bottling activities. Water utilities utilize a variety of rate categories and structures, including rate structures based on customer classes (residential, commercial, industrial, public authority) and/or usage levels (tiered rate structures) as well as through a combination of fixed charges and commodity charges based on cost of service studies. Rate design structures, based on well-established principles, also take into account a number of factors and policies, including consideration of the company's capital and operating needs, customer base and service area demographics.

SB-422 undermines the ability of a public water supplier to utilize a rate structure that makes sense, given its operating and capital costs and the needs and priorities of its customers and the

communities served. It also limits the opportunity to use economic development rates to support job growth, which is critical to our state and local economies.

Moreover, SB-422 sets a very troubling precedent by mandating the rate structure for a particular type of industry. There are a number of industries that may be deemed environmentally unfriendly or politically unpopular, such as big box stores, and gun, liquor, and chemical manufacturers. There are also other industries that are large water users, such as soda manufacturers, car washes and golf courses. We are concerned that SB-422 opens the door for the legislature to make decisions about which customers a public water supplier may serve.

Existing State Laws Ensure the Safety and Adequacy of Public Water Supplies

Concerns have also been raised that providing water to an industrial customer, such as a bottling plant, will negatively impact the amount of water available to meet residential needs. Connecticut's municipal, private and regional water companies are already subject to extensive state and federal laws and regulations regarding treatment and distribution, source water protection, water quality monitoring and testing, and other activities which ensure the quality, safety, and availability of Connecticut's public water supplies.

In addition, water companies serving more than 1,000 customers are required to develop comprehensive water supply plans, which are submitted to the state Department of Public Health and updated on a regular basis. The plans are reviewed by the state Department of Public Health to ensure the adequacy of a system's safe yield (the amount of water needed to meet the current public health and safety needs of customers) and margin of safety (supplies sufficient to meet current and future demands). This, in addition to other laws and regulations, ensures that a water company has sufficient public water supplies to meet the current and future needs of its customers.

As stewards of the state's water resources, CWWA members are confident that existing state and federal laws ensure the safety and adequacy of public water supplies to meet the public health, safety and economic development needs of the state. SB-422 is unnecessary and will have unintended consequences for public water suppliers and our customers.